

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

A280.3449
C39

MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE, MARKETING AREA

U.S. DEPARTMENT OF AGRICULTURE
NATIONAL MILK PROCESSOR ASSOCIATION

Volume 17

OCTOBER 1972

Number 3

NOV 2 1972

PRODUCTION SECTION
Administrative Serial File

Released Pursuant to \$1000.3 and \$1090.85, USDA-AMS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. E. Bobo, Market Administrator

MARKET SUMMARY - OCTOBER 1972

The Chattanooga Order MINIMUM uniform producer price is \$6.73 per cwt. at pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 8.2 cents for each one-tenth of one percent above or below 3.5% test. This is a price increase of 38 cents above October 1971.

In October 1972, 76.5% of producer milk received by pool plants was priced in Class I at \$7.22 per cwt. and 23.5% was priced in Class II at \$5.18 per cwt. The October butterfat differential for Class I was 8.4 cents and Class II was 8.0 cents.

Total producer milk received at pool plants during October 1972 was 40,051,018 pounds which is an increase of 3,295,074 pounds or a daily average increase of 9.0% compared with October 1971. The October daily average deliveries from 778 producers was 1,661 pounds. This compares to 789 farms delivering a daily average of 1,503 pounds per day during October 1971.

ADVERTISING AND PROMOTION PLANS ADDED TO CERTAIN MILK ORDERS

The U. S. Department of Agriculture announced that advertising, research and promotion plans have been added to 15 southwestern milk orders, after approval by more than the required majority of dairy farmers in each of the markets. The plans become effective January 1, 1973. This brings to 18 the number of such programs under federal milk orders, as authorized by law in 1971. Such plans are already in effect in the Middle Atlantic, Chicago Regional and Indiana milk orders. The new plans are essentially the same as for the first three.

The promotion plans will be funded by deductions of 5 cents a hundredweight on all milk producers deliver on or after January 1, 1973 to each of the markets each month, before returns for the milk are paid to producers. An agency comprised of local producers will use the money for research and development, advertising (except brand advertising), sales promotion, educational and other programs to improve markets for milk and milk products. When requested, quarterly refunds will be made to any producer not wishing to participate.

The 15 milk orders to which the plans will be added are Memphis, North Texas, Corpus Christi, Red River Valley, Neosho Valley, Wichita, Fort Smith, Oklahoma Metropolitan, Central Arkansas, Lubbock-Plainview, San Antonio, Central West Texas, Austin-Waco, Texas Panhandle and Rio Grande Valley.

For the North Texas, Corpus Christi and Red River Valley orders, producers voted approval of the new plans in mail referendums conducted by the market administrators. In the other 12 markets where most producers are represented by dairy cooperatives, the cooperatives were polled to determine the required producer approval for each market. The amendment proposals were made at a public hearing in Dallas June 28-29, 1972, requested by Associated Milk Producers, Inc.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

Page 2

	% Oct. '72			
	Over	Oct.	Sept.	Oct.
	<u>Oct. '71</u>	<u>1972</u>	<u>1972</u>	<u>1971</u>
Number of Plants - Pool		7	7	7
- Non-Pool		12	13	13
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+ 9.0	1,291,968	1,289,686	1,185,676
Other Source	- 6.8	35,893	32,367	38,528
Other Federal Orders	+ 1.9	112,558	109,111	110,462
TOTAL MILK RECEIPTS	+ 7.9	1,440,419	1,431,164	1,334,666
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	+10.1	498,115	510,895	452,504
Skim	+ 6.4	22,657	23,651	21,303
2% Milk	+15.2	149,957	159,387	130,180
Buttermilk	+ 1.5	58,754	62,754	57,893
Flavored Milk and Drink	+33.5	27,089	29,226	20,297
Creams (Sweet and Sour)	+ 6.8	3,617	3,771	3,386
Yogurt	+ 1.0	711	600	704
Sub-Total - Pkg. Products (Pool Plants)	+10.9	760,900	790,284	686,267
Other (Shrinkage, Inventory, etc.)		5,376	2,545	6,418
Sales to Non-Pool Plants	+38.3	279,886	279,110	202,406
In-Area Sales by Non-Pool Plants	+ 4.8	50,549	51,644	48,233
TOTAL CLASS I MILK	+16.3	1,096,711	1,123,583	943,324
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	+ 6.1	55,039	62,436	51,898
Cottage Cheese	+24.7	48,251	49,929	38,684
Powdered and Condensed Milk		142	-0-	-0-
Livestock Feed and Milk Dumped	+57.9	10,201	9,118	6,460
Sub-Total - Used to Produce	+17.1	113,633	121,483	97,042
Shrinkage Class II		19,611	17,722	15,781
Other (Inventory Variation, etc.)		10,959	327	6,827
Bulk Sales to Non-Pool Plants	-26.6	199,505	168,049	271,692
TOTAL CLASS II MILK	-12.2	343,708	307,581	391,342
Class I Pkg. Lbs. In Area - Pool Plants	+ 2.7	529,739	552,238	515,715
Class I Pkg. Lbs. Out of Area-Pool Plants	+35.5	231,161	238,046	170,552
Class I Pkg. Lbs. In Area - Non-Pool Plants	+ 4.8	50,549	51,644	48,233
% Producer Milk of Gross Class I		117.8	114.8	125.7
% Producer Milk Priced in Class I		76.5	78.6	71.2

TOTAL PACKAGE CLASS I POUNDS (DAILY AVERAGE) ON ROUTES IN THE
MARKETING AREA BY POOL PLANTS AND NON-POOL PLANTS

	% Oct. '72			
	Over	Oct.	Sept.	Oct.
	<u>Oct. '71</u>	<u>1972</u>	<u>1972</u>	<u>1971</u>
<u>PACKAGE ITEMS</u>				
Homo Milk	+ 0.9	396,868	405,257	393,184
Skim	+ 7.6	15,850	16,602	14,728
2% Milk	+10.9	96,590	105,976	87,084
Buttermilk	- 4.2	46,086	49,745	48,107
Flavored Milk and Drink	+23.2	21,686	22,937	17,607
Fluid Creams and Yogurt	- 0.9	3,208	3,365	3,238
Class I Package Pounds - In Area	+ 2.9	580,288	603,882	563,948

COMPUTATION OF PRODUCER UNIFORM PRICE

Page 3

OCTOBER 1972	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		33,998,054	3.174		
Less Other Source		3,339,531	2.858		
Producer Milk Class I	76.5	30,658,523	3.208599	\$6.975223	\$2,138,500.35
Gross Class II		10,654,935	5.399		
Less Other Source		1,262,440	2.868		
Producer Milk Class II	23.5	9,392,495	5.739721	6.971777	654,823.81
TOTAL PRODUCER MILK (Cl.I+Cl.II)	100.0	40,051,018	3.802181		\$2,793,324.16
Less Fractional Adjustment					.01
Add Value of Overage					1,774.47
Add Value of Class I Other Source and Producer Location Adjustment		5,747	0.00		663.78
Add ½ Producer-Settlement Fund Reserve					18,153.12
TOTAL VALUE AT TEST		40,056,765	3.801635	\$7.024820	\$2,813,915.52
Less Test over 3.5% @ 8.2¢ per point		40,056,765	.301635	0.247341	99,076.80
TOTAL UTILIZATION VALUE AT 3.5%		40,056,765	3.5	\$6.777479	\$2,714,838.72
Less Reserve per \$1090.71 (f)		40,056,765		.047479	19,018.55
PRODUCER UNIFORM PRICE - 3.5% TEST		40,056,765	3.5	\$6.73	\$2,695,820.17

OCTOBER 1972 MINIMUM PRODUCER PRICES CWT. f.o.b. POOL PLANTS (0-65 mile zone)
 BUTTERFAT DIFFERENTIAL 8.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$6.32	3.6	\$6.812	4.2	\$7.304	4.8	\$7.796	5.4	\$8.288
3.05	6.361	3.65	6.853	4.25	7.345	4.85	7.837	5.45	8.329
3.1	6.402	3.7	6.894	4.3	7.386	4.9	7.878	5.5	8.37
3.15	6.443	3.75	6.935	4.35	7.427	4.95	7.919	5.55	8.411
3.2	6.484	3.8	6.976	4.4	7.468	5.0	7.96	5.6	8.452
3.25	6.525	3.85	7.017	4.45	7.509	5.05	8.001	5.65	8.493
3.3	6.566	3.9	7.058	4.5	7.55	5.1	8.042	5.7	8.534
3.35	6.607	3.95	7.099	4.55	7.591	5.15	8.083	5.75	8.575
3.4	6.648	4.0	7.14	4.6	7.632	5.2	8.124	5.8	8.616
3.45	6.689	4.05	7.181	4.65	7.673	5.25	8.165	5.85	8.657
3.5	6.73	4.1	7.222	4.7	7.714	5.3	8.206	5.9	8.698
3.55	6.771	4.15	7.263	4.75	7.755	5.35	8.247	5.95	8.739

OCTOBER 1972 PRODUCER BUTTERFAT DIFFERENTIAL COMPUTATION

Butterfat Allocated	Class Use Percentage	Prod. Lbs. Butterfat	Class B'Fat Differential	Butterfat Value
Class I	64.6	983,709	\$0.84	\$ 826,315.56
Class II	35.4	539,103	0.80	431,282.40
Total	100.0	1,522,812		\$1,257,597.96

Total Butterfat Value ÷ Total Producer fat pounds = \$0.825839

Producer Butterfat Differential per point variation above or below 3.5 percent - - - - - \$0.082

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT TEST)

Date	PRODUCER UNIFORM PRICES 1/				HANDLER CLASS PRICES 1/			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf. Dif.	Cwt.	Bf. Dif.	Cwt.	Bf. Dif.
Oct. '71	\$6.35	-	-	8.0¢	\$6.98	8.2¢	\$4.82	7.8¢
Nov.	6.25	-	-	8.0	6.97	8.2	4.84	7.8
Dec.	6.20	-	-	8.0	6.99	8.2	4.93	7.8
Jan. '72	6.22	-	-	8.0	7.08	8.2	4.97	7.8
Feb.	6.20	-	-	8.0	7.08	8.1	4.97	7.8
Mar.	6.23 2/	\$6.35	\$5.04	8.0	7.12	8.1	5.04	7.8
Apr.	6.10 2/	6.25	4.96	8.0	7.12	8.1	4.96	7.8
May	6.12 2/	6.26	4.94	8.0	7.19	8.1	4.94	7.8
June	6.19 2/	6.30	4.95	8.0	7.11	8.1	4.95	7.8
July	6.46 2/	6.60	5.01	8.0	7.09	8.1	5.01	7.8
Aug.	6.50	-	-	8.0	7.10	8.1	5.07	8.0
Sept.	6.72	-	-	8.2	7.16	8.3	5.10	8.1
Oct.	6.73	-	-	8.2	7.22	8.4	5.18	8.0
Nov.	-	-	-	-	7.25	8.3	-	-
Dec.	-	-	-	-	7.33	-	-	-

Date	PRICE QUOTATIONS			PRODUCER MILK USE (Daily Average)			
	Chi. 92° Butter	Chi. Area Powder	Minn/Wisc. Mfg. Milk	Class I		Class II	
	¢ Lb.	¢ Lb.	Cwt. -3.5%	Pounds	Test-%	Pounds	Test-%
Oct. '71	67.95	31.70	\$4.82	844,555	3.25	341,121	5.26
Nov.	67.94	31.61	4.84	795,557	3.28	407,740	5.22
Dec.	67.96	31.63	4.93	746,539	3.28	462,124	5.19
Jan. '72	67.79	31.31	4.97	736,232	3.25	488,801	5.16
Feb.	67.78	31.41	4.97	717,023	3.23	512,306	5.07
Mar.	67.78	31.44	5.04	715,940	3.18	524,310	4.79
Apr.	67.71	31.46	4.96	677,865	3.14	609,946	4.45
May	67.71	31.36	4.94	663,443	3.22	604,609	4.16
June	67.71	31.37	4.95	680,498	3.12	503,552	4.43
July	67.84	31.45	5.01	806,185	3.19	348,766	4.79
Aug.	69.50	31.67	5.07	881,026	3.15	367,422	4.72
Sept.	70.25	31.83	5.10	1,013,082	3.21	276,604	5.24
Oct.	69.38	33.70	5.18	988,985	3.21	302,983	5.74

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLERS GROSS MILK 3/				PRODUCER DATA				
	No.	Total	Class I	Pool	No.	Total	Base	Average	Av. Per.
	Hdlers	Receipts	Use	Plants	Prod.	Delivery	Delivery	Test-%	Farm
Oct. '71	20	1,334,666	943,324	7	789	1,185,676	-	3.83	1,503
Nov.	20	1,366,329	899,192	7	767	1,203,297	-	3.94	1,569
Dec.	21	1,376,893	838,001	7	767	1,208,663	-	4.01	1,576
Jan. '72	21	1,395,476	827,841	7	765	1,225,033	-	4.01	1,601
Feb.	21	1,396,971	811,826	7	761	1,229,329	-	4.00	1,615
Mar.	21	1,416,663	804,428	6	754	1,240,250	1,129,789	3.86	1,645
Apr.	21	1,465,359	765,713	7	749	1,287,811	1,148,033	3.76	1,719
May	21	1,472,482	755,899	7	745	1,268,052	1,136,103	3.67	1,702
June	21	1,346,627	771,942	7	745	1,184,050	1,088,364	3.67	1,589
July	21	1,336,101	910,607	7	741	1,154,951	1,053,562	3.67	1,559
Aug.	20	1,399,884	986,748	7	784	1,248,448	-	3.61	1,592
Sept.	20	1,431,164	1,123,583	7	786	1,289,686	-	3.64	1,641
Oct.	19	1,440,419	1,096,711	7	778	1,291,968	-	3.80	1,661

1/ Excludes Premiums

2/ Weighted Average Price

3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I